

PINELANDS DEVELOPMENT CREDIT BANK

20 West State Street
Trenton, NJ

Minutes

July 19, 2006

Meeting Location: 20 West State Street, Room 223, Trenton, NJ

Members Present: Terry K. McEwen, Director of Banking/Chair
DAG Robert Lougy, designee for the Attorney General
Marci Green, Department of Agriculture Designee
John C. Stokes, Pinelands Commission Alternate Designee
Fawn Z. McGee, Department of Environmental Protection
Designee

Members Absent: Donald McCauley, At Large Member
John J. Tarditi, Jr., At Large Member

Others Present: Guillermo Vivas, Executive Director, Pinelands Development
Credit Bank
Valerie Ann Gray, Deputy Attorney General, Department of
Law and Public Safety (Board Counsel)

Chairman McEwen called the meeting to order at 2:05 p.m. and Mr. Vivas read the Statement of Compliance with the NJ Open Public Meetings Act. Mr. Vivas introduced Banking Director Terry K. McEwen and the PDC Bank Board members in attendance at the meeting. Chairman McEwen shared his background and talked about this administration's interest in the Pinelands Development Credit Bank and its role in the Department of Banking and Insurance.

Reading and Approval of Minutes:

The Chairman called for a motion to accept the minutes of the April 19, 2006, Regular Meeting. Ms. Green moved for approval, seconded by Mr. Stokes. All present voted aye, except Mr. Lougy, who abstained.

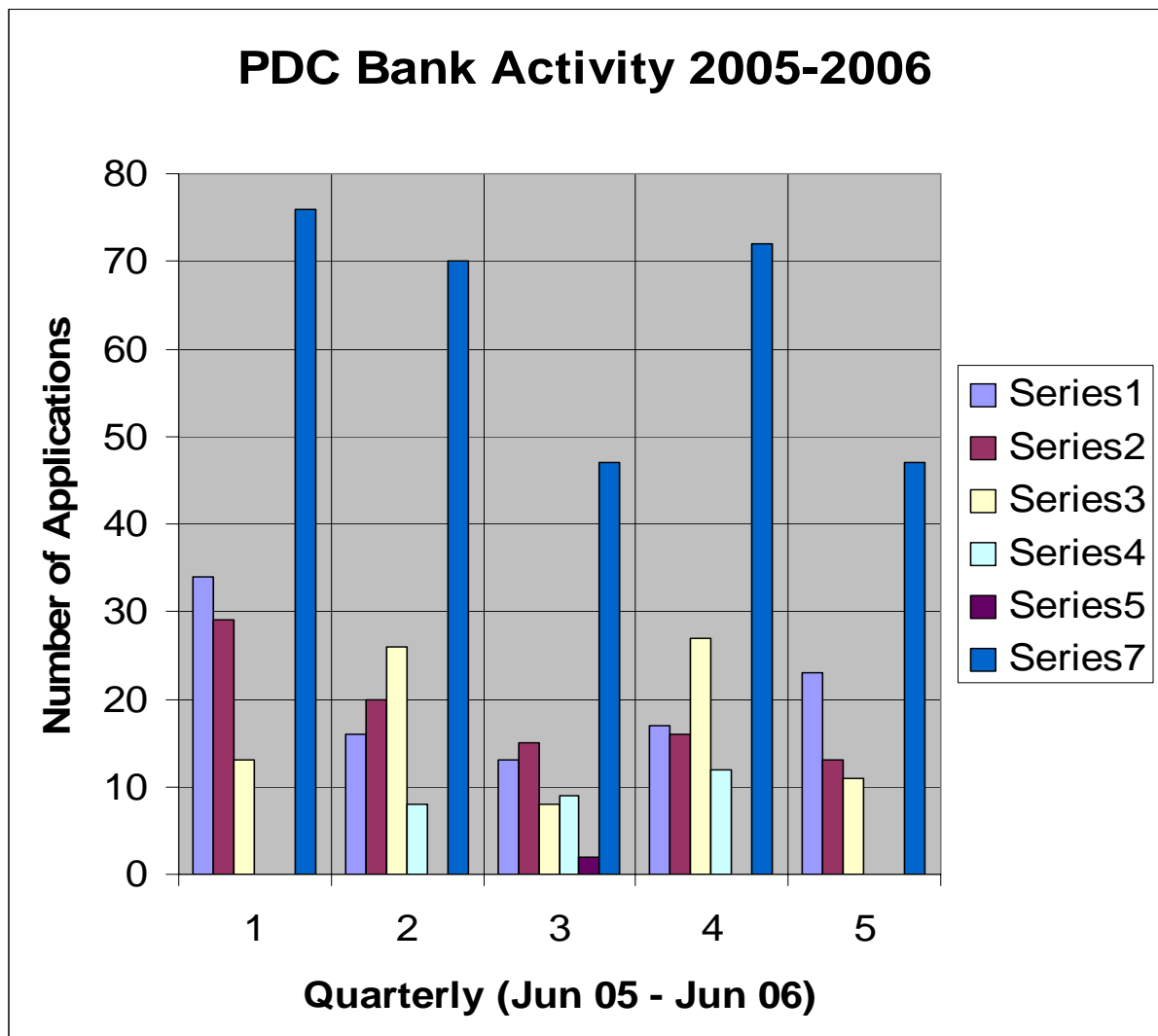
Executive Director's Report:

- Mr. Vivas reported that there are presently 8 PDC Certificate applications under review; although not all are new (some have remained incomplete for several months).
- For the period covering January, 2005 through March, 2006, we processed applications as indicated on the following chart distributed to the Board, using the chart to illustrate trends, such as the decline in activity towards the year-end holidays, and the increase in encumbrances during the fall and winter

months as farmers use the credits as collateral for loans towards the next season's crops:

Pinelands Development Credit Bank
Application Activity 2005-2006

	Apr-Jun 2005	Jul-Sep 2005	Oct-Dec 2005	Jan-Mar 2006	Apr-Jun 2006
Severances (New Cert.)	34	16	13	17	23
Sales & Transfers	29	20	15	16	13
Redemptions (for Permits)	13	26	8	27	11
Encumbrances (for Loans)	0	8	9	12	0
Certified Copy of Lost Cert.	0	0	2	0	0
TOTAL TRANSACTIONS:	76	70	47	72	47



PREPARED BY: GUILLERMO VIVAS, ACTING EXECUTIVE DIRECTOR
 LAST UPDATED: 7/11/2006

- Mr. Vivas reported on the continued updating and enhancements of the PDC Bank's web site. This goes hand-in-hand with the Department of Banking and Insurance total overhaul of their website. He is in the process of reviewing and editing all re-typed application related forms to be placed on the site in electronic format. (The existing forms on the website are Adobe Acrobat PDF files, scanned from paper copies and have poor quality.)
- Mr. Vivas discussed the continuing PDC Bank's outreach program. With the reduction in staff since last October, most of the efforts have been placed on hold, as application reviews and other work required completion. Once a new staff person comes on board, we will resume work the local mailings and "town meetings" to continue promoting the PDC program.
- The new PDC Tracking computer system nearing completion, and is scheduled to be launched by the end of the month. There will still remain many months of quality control work to be done; maybe a whole year. Many of the features of this new program will be uploaded automatically into the website.
- There have been changes in personnel and staffing for the Bank. Dennis Massimo retired and the Position of Project Manager is being eliminated. The position of Deputy Executive Director is also being eliminated. A new middle-management position is being created created, to fill the evolving needs of the agency. Interviews were held this week and a candidate has been selected. The Administration office is processing the necessary paperwork.
- Mr. Vivas informed the Board that the PDC Bank will be relocating in the near future to the 5th floor (in this same building).

Business of the Board:

- Mr. Vivas addressed that there is a continuing need to fill the two existing vacancies on the Board. Ed McGlinchey of Winslow Twp. had been nominated but his appointment has been pending for over three years. Another candidate, Joseph DelDuca, a well-known land use attorney, is also under consideration. (Someone had suggested at a previous meeting that it may be good to have representation from the developers on the Board.) Just this morning, Marci Green spoke with Agriculture Secretary Kuperus, and he submitted the name of a farmer, Roger R. Kumble, of Southampton Township. There ensued discussion about the three candidates, and Mr. Stokes cautioned the Board about the risk for public perception of impropriety over two of the candidates. Mr. DelDuca is currently actively involved with development projects that require the purchase and redemption of PDCs; and suggested perhaps reaching out to the NJ Builders Association or the South Jersey Builders League to suggest an officer or staff member of their

organization instead. Regarding Mr. Kumble, he suggested that we make sure he is not entitled to sever PDCs from the properties he owns, as that may be perceived as a conflict also. It was agreed to submit the name of Ed McGlinchey only for the time being. Chairman McEwen will forward the recommendation to the Commissioner's office.

- Discussion ensued about PDC Bank's fiscal issues. The Bank was funded by a one time appropriation from the State's General fund and the Statute (establishing the PDC Bank) calls for the funds to be returned to the State. Out of the original \$5 million appropriation, \$3.5 million were paid back a few years ago. Of the remaining funds, the current balance is less than \$800,000 which, using previous two years salaries and expenses would last less than four years. Commissioner Goldman has suggested that the PDC Bank should become a self-funded agency. To this effect, he asked Mr. Vivas to develop a proposed budget for fiscal year 2008 and, to develop a fee schedule (based upon a per transaction set fee, plus a percentage of the average market value of PDCs per development right of the transaction) for the various types of transactions processed by the Bank, that will yield sufficient revenues to fund that budget. This action will require amending the PDC Bank statute, as it presently has no provision for collecting fees. Commissioner Goldman is also recommending that—along with the amendment to establish fees—the “sunset” date for the expiration of the PDC Bank be eliminated.

Much discussion ensued about whether or not the PDC Bank should collect fees, and that other funding options—such as the sale of the PDCs owned by the bank—ought to be explored. Also, the proposed budget should be scrutinized to see if can be trimmed somewhat. Chairman McEwen established a committee—chaired by Marci Green—to provide additional recommendations at the October meeting. The committee will also include John Stokes, Executive Director of the Pinelands Commission, Cecile Murphy of the DEP, and Guillermo Vivas.

Other Business:

- There was no one from the public in attendance to speak at this moment.

Adjournment: 3:10 p.m. on a motion by Ms. Green, seconded by Mr. Stokes, and a unanimous affirmative vote.

Respectfully submitted,

Guillermo Vivas
Executive Director